

The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 41

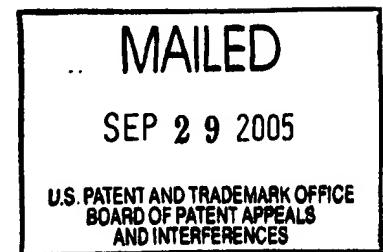
UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte RICHARD A. GRAFF

Appeal No. 2004-2246
Application No. 9/134,453

ON BRIEF



Before JERRY SMITH, LEVY, and BLANKENSHIP, Administrative Patent Judges.

JERRY SMITH, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on the appeal under 35 U.S.C. § 134 from the examiner's rejection of claims 1-75, 80-101, 104-180 and 226-257. Pending claims 76-79, 102 and 103 have been indicated by the examiner to contain allowable subject matter.

The disclosed invention pertains to a method of making certain financial analysis output with digital electronic computer means.

Representative claim 1 is reproduced as follows:

1. A method for making a second financial analysis output having a second computed market-based valuation for property, the financial analysis output being made by steps including:

controlling a digital electrical computer processor to manipulate electrical signals in generating a market-based valuation for the property, wherein the property is from a group consisting of a tax-exempt security and a portfolio of tax-exempt securities, the market-based valuation reflecting at least one from a group consisting of expected return under a performance scenario, a price, and a quantitative description of risk, as part of a financial analysis output;

electronically communicating at least some of the financial analysis output as input to a second digital electrical computer having a second programmed processor, the second digital electrical computer storing the input in memory accessible to the second programmed processor;

generating the second market-based valuation reflecting computation of a current market-based yield/discount rate for the property with the second digital electrical computer and the input; and

generating a second financial analysis output, including the second market-based valuation, at an output means electrically connected to said second digital electrical computer.

The examiner relies on the following references:

Lupien et al. (Lupien)	5,101,353	Mar. 31, 1992
Ginsberg	5,774,880	June 30, 1998

Graff, R.A., "The Impact of Tax Issues on Real Estate Debt and Equity Separation," Real Estate Review, Vol. 20, No. 3, pages 50-58 (1990).

Epstein, L., "Duration Gains Influence as Rates Fall," Corporate Cashflow, Vol. 13, No. 5, pages 50-51 (May 1992).

Coughlan, F., "Financial Add-ins Lighten Load of 1-2-3 Users; Specialized Programs Save Buyers Time, Effort by Cutting Steps out of Complex Calculations," PC Week, Vol. 9, No. 38, page 145 (Sept. 21, 1992).

The following rejections are on appeal before us:

1. Claims 1, 3-14, 29, 31-42, 64, 66, 68, 70, 72, 74, 80, 82, 84, 86, 88, 90, 92, 94, 112, 114, 226, 228, 230, 232, 234, 236, 242, 244, 246, 248, 250, 252, 254 and 256 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the teachings of Ginsberg taken alone.

2. Claims 15, 17-28, 65, 69, 73, 81, 85, 89, 93, 113, 227, 231, 235, 243, 247, 251 and 255 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the teachings of Ginsberg in view of Epstein.

3. Claims 43, 45-56, 67, 71, 75, 83, 87, 91, 95-101, 104-111, 115-117, 229, 233, 237, 245, 249, 253 and 257 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the teachings of Ginsberg in view of Coughlan.

4. Claims 2, 30, 118-127, 138-147 and 149-152 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the teachings of Ginsberg in view of Graff.

5. Claims 16 and 128-137 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the teachings of Ginsberg and Graff in view of Epstein.

6. Claims 44, 148 and 153-177 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the teachings of Ginsberg and Graff in view of Coughlan.

7. Claims 57-63 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the teachings of Ginsberg in view of Lupien.

8. Claims 178-180 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the collective teachings of Ginsberg, Graff, Epstein and Coughlan.

The examiner's answer states that claims 226-257 are closely parallel to claims 64-95 and are rejected on the same grounds [page 50]. Under this mapping, claims 238-241 correspond to allowed claims 76-79 and contain the allowable feature of tangible personal property. Therefore, there appears to be no rejection of claims 238-241.

Rather than repeat the arguments of appellant or the examiner, we make reference to the briefs and the answer for the respective details thereof.

OPINION

We have carefully considered the subject matter on appeal, the rejections advanced by the examiner and the evidence

or obviousness relied upon by the examiner as support for the rejections. We have, likewise, reviewed and taken into consideration, in reaching our decision, the appellant's arguments set forth in the briefs along with the examiner's rationale in support of the rejections and arguments in rebuttal set forth in the examiner's answer.

It is our view, after consideration of the record before us, that the evidence relied upon and the level of skill in the particular art would not have suggested to one of ordinary skill in the art the obviousness of the invention as set forth in the claims on appeal. Accordingly, we reverse.

In rejecting claims under 35 U.S.C. § 103, it is incumbent upon the examiner to establish a factual basis to support the legal conclusion of obviousness. See In re Fine, 837 F.2d 1071, 1073, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988). In so doing, the examiner is expected to make the factual determinations set forth in Graham v. John Deere Co., 383 U.S. 1, 17, 148 USPQ 459, 467 (1966), and to provide a reason why one having ordinary skill in the pertinent art would have been led to modify the prior art or to combine prior art references to arrive at the claimed invention. Such reason must stem from some

teaching, suggestion or implication in the prior art as a whole or knowledge generally available to one having ordinary skill in the art. Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 1051, 5 USPQ2d 1434, 1438 (Fed. Cir.), cert. denied, 488 U.S. 825 (1988); Ashland Oil, Inc. v. Delta Resins & Refractories, Inc., 776 F.2d 281, 293, 227 USPQ 657, 664 (Fed. Cir. 1985), cert. denied, 475 U.S. 1017 (1986); ACS Hosp. Sys., Inc. v. Montefiore Hosp., 732 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed. Cir. 1984). These showings by the examiner are an essential part of complying with the burden of presenting a prima facie case of obviousness. Note In re Oetiker, 977 F.2d 1443, 1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992). If that burden is met, the burden then shifts to the applicant to overcome the prima facie case with argument and/or evidence. Obviousness is then determined on the basis of the evidence as a whole and the relative persuasiveness of the arguments. See Id.; In re Hedges, 783 F.2d 1038, 1039, 228 USPQ 685, 686 (Fed. Cir. 1986); In re Piasecki, 745 F.2d 1468, 1472, 223 USPQ 785, 788 (Fed. Cir. 1984); and In re Rinehart, 531 F.2d 1048, 1052, 189 USPQ 143, 147 (CCPA 1976). Only those arguments actually made by appellant have been considered in this decision.

Arguments which appellant could have made but chose not to make in the brief have not been considered and are deemed to be waived [see 37 CFR § 41.37(c)(1)(vii)(2004)].

We consider first the rejection of claims 1, 3-14, 29, 31-42, 64, 66, 68, 70, 72, 74, 80, 82, 84, 86, 88, 90, 92, 94, 112, 114, 226, 228, 230, 232, 234, 236, 242, 244, 246, 248, 250, 252, 254 and 256 based on Ginsberg taken alone. Although the examiner acknowledges that Ginsberg fails to teach several features of the claimed invention, the examiner dismisses each of these differences between the claimed invention and Ginsberg as being obvious to the artisan based on "Official Notice" [answer, pages 9-11, 16-18 and other locations].

As to independent claims 1, 3, 9, 64 and 226, appellant makes the following arguments [brief, pages 81-102]:

1. The index of Ginsberg is based on a hypothetical portfolio and is not property;
2. The methodology of Ginsberg would not work on actual securities;
3. Ginsberg does not teach the claimed first and second valuations of the property;
4. Ginsberg does not teach the claimed second digital computer;

5. Ginsberg does not teach the claimed input to the second computer of at least some of the financial analysis output from the first computer;

6. The examiner improperly took Official Notice of each difference separately instead of evaluating the invention as a whole;

7. The art cited to support the "Official Notice" is not analogous art;

8. There is nothing in the cited art that would suggest the examiner's proposed modification of Ginsberg; and

9. The proposed modification of Ginsberg would render Ginsberg unsuitable for its intended purpose.

The examiner respectively responds as follows [answer, pages 50-59]:

1. Although the portfolio in Ginsberg may be hypothetical, the securities are actual property;

2. No apparent response;

3. The examiner disagrees;

4. Incorporating a second digital computer would have been obvious to the artisan so that the information would be available at a remote computer;

5. The second computer cannot be a functional part of the system unless data is inputted to it;

6. The examiner took Official Notice of features which were well known to computer artisans;

7. The financial elements of the claims would have been obvious to the artisan in the art of finance while the computer elements would have been obvious to the artisan in the art of computer technology;

8. The examiner disagrees; and

9. The examiner disagrees.

Appellant responds that Ginsberg uses market data to value generic securities so that he does not have to value real securities or actual property. Appellant reiterates that the index approach taught by Ginsberg does not work for real securities because they are constantly changing in real time. Appellant also repeats substantially all the arguments made in the main brief [reply brief].

We will not sustain the examiner's rejection of independent claims 1, 3, 9, 64 and 226. First, the examiner has simply taken Official Notice that the claimed invention uses principles and elements that were known in the art. Most if not

all inventions, however, create something new and unobvious from that which is known. The taking of Official Notice, however, does not demonstrate that it would have been obvious to the artisan to combine these known principles and elements in the manner recited in the claimed invention. Even if we agreed with the examiner's unsubstantiated findings, "the Board cannot simply reach conclusions based on its own understanding or experience - or on its assessment of what would be basic knowledge or common sense. Rather, the Board must point to some concrete evidence in the record in support of these findings." In re Zurko, 258 F.3d 1379, 1386, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001). See also In re Lee, 277 F.3d 1338, 1344-45, 61 USPQ2d 1430, 1434-35 (Fed. Cir. 2002), in which the court required evidence for the determination of unpatentability by clarifying that the principles of "common knowledge" and "common sense" may only be applied to analysis of evidence, rather than be a substitute for evidence. The court has also recently expanded their reasoning on this topic in In re Thrift, 298 F. 3d 1357, 1363, 63 USPQ2d 2002, 2008 (Fed. Cir. 2002). Second, we agree with appellant that Ginsberg fails to teach the generation of first and second market-based valuations of the property in the manner claimed.

The first and second valuations in the claimed invention are valuing the same property. Notwithstanding the examiner's arguments to the contrary, we fail to see two valuations being generated in Ginsberg of the same property based on the conditions recited in the claimed invention. Finally, we agree with appellant that the teachings of Ginsberg and Official Notice fail to provide the motivation for modifying Ginsberg in the manner proposed by the examiner. We cannot help but conclude that the examiner's rejection is based on nothing more than an improper attempt to recreate the claimed invention in hindsight.

Independent claim 2 has recitations similar to independent claim 1, and the teachings of Ginsberg and Official Notice are deficient with respect to claim 2 for the same reasons discussed above.

With respect to independent claims 57 and 58, the examiner applies Ginsberg and "Official Notice" and also cites Lupien as teaching the generation of the financial output including an offering memorandum at an output means [answer, pages 24-27]. Appellant argues that no cited reference mentions any offering document or a method or means for generating one.

Appellant argues that issuing buy/sell orders has nothing to do with generating an offering document as that term is understood in the finance arts. Appellant also argues that there is no proper motivation for combining the teachings of Ginsberg with Lupien. Appellant additionally argues that no cited art teaches the claimed controlling a computer to compute a system-determined purchase price for the property in consummating a sale [brief, pages 114-121].

The examiner responds that an offer to sell securities could be read as an offering document when the claim is given its broadest reasonable interpretation [answer, page 63]. Appellant responds that the examiner's interpretation of an offering document is not reasonable and is contrary to its ordinary meaning in this art [reply brief, pages 47-52].

We will not sustain the examiner's rejection of independent claims 57 and 58 for the reasons argued by appellant. The examiner admits that Lupien does not teach an offering document if the term is interpreted in the manner urged by appellant. Since we agree with appellant that the term "offering document" is a recognized term of art in the field of finance and securities, we find the examiner's interpretation of the term to be unreasonable in this case.

Since we have not sustained the examiner's rejection of any of the independent claims, we also do not sustain the examiner's rejection of any of the dependent claims. We also have considered the examiner's various rejections based on additional applied prior art, but we find that none of the additionally applied references overcome the deficiencies in Ginsberg discussed above.

In summary, we have not sustained any of the examiner's rejections of the claims on appeal. Therefore, the decision of the examiner rejecting claims 1-75, 80-101, 104-180 and 226-257 is reversed.

Jerry Smith
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STUART S. LEVY

Howard B. Blankenship

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